



# CITIZEN'S BUDGET BRIEF

# 2014

## INTRODUCTION

### Fiscal Year 2014

The Fiscal Year (FY) 2014 budget presents a year of change and a year of new beginnings. In January of 2013, the leadership at Maricopa County shifted as two new Board members took office in Districts 1 & 2. In March, another change occurred. District 4 Supervisor, Max Wilson, announced his retirement. The changes have brought fresh energy to our County and transformation. The budget process and budget development have certainly been front and center. With the economy continuing to be sluggish and federal sequestration underway, we must be able to meet our growing financial needs while still being responsible to the County's taxpayers. Our economists have predicted continued growth at a very slow pace. This year we are moving forward with a strategy which creates additional capacity in our operating budget but will slow down our capital project spending. We plan to continue to invest in technology to increase productivity and provide better service to our citizens.

### Budget Highlights

The annual Adopted budget provides a roadmap for how the County intends to address policy, financial and operational decisions in delivering services to citizens. Additionally, the budget serves as an internal and external communications device outlining organizational priorities and the resources allocated to deliver County services.

Highlights of the 2014 Adopted budget include:

- Property tax levy decreased by \$15 million to \$409 million.
- Expenditure budget decreased by \$70 million to \$2.208 billion.
- Budgeted funding for Retention Pay Plan and Market Equity salary adjustments to address the previous five years of salary freezes.
- Continue to Capital fund budget of \$375 million with \$221 million set aside for technological capital improvements.
- Continue the "pay-as-you-go" financing of capital improvement projects. This results in no secondary property tax assessments.



### VISION

**Citizens serving citizens by working collaboratively, innovatively, efficiently and effectively.**

**We will be responsive to our customers while being fiscally prudent.**

### MISSION

**The Mission of Maricopa County is to provide regional leadership and fiscally responsible, necessary public services so that residents can enjoy living in a healthy and safe environment.**

### MARICOPA COUNTY

- ❖ **Population:** 3,942,169, 4<sup>th</sup> largest U.S. County
- ❖ **Land Area:** 9,224 sq miles
- ❖ **Per Capita Income:** \$25,584
- ❖ **Median Household Income:** \$50,077
- ❖ **% of Arizona Population:** 60%
- ❖ **Assessed Value for the Median Value Single Family Home:** \$102,100



## ORGANIZATIONAL STRUCTURE

### Board of Supervisors

Maricopa County is a subdivision of the Arizona State government. The Board of Supervisors is the governing body for the County. Each member represents one of the five districts, which are divided geographically and by population to include a mix of urban and rural constituencies. Supervisors are elected to four-year terms and are not term-limited. The Board of Supervisors is also the Board of Directors for the Flood Control, Library, and Stadium Districts, and serves as the Board of Equalization and the Planning and Zoning Commission.



(In order: Steve Chucri, Chairman - Andrew Kunasek, Mary Rose Garrido Wilcox, Clint Hickman, Denny Barney)

### Other Elected Officials

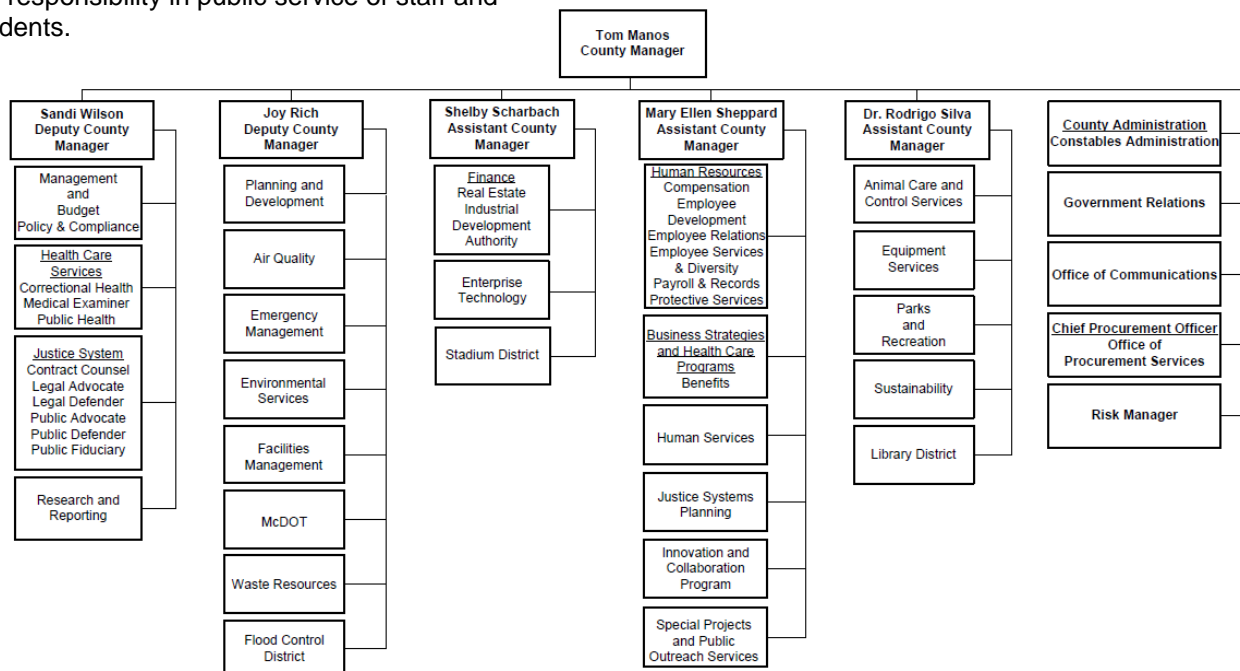
Maricopa County's mandated functions are defined by both the Arizona State Constitution and the Arizona Revised Statutes. Nine County offices are independently overseen by elected officials: Assessor, County Attorney, Clerk of the Superior Court, Constables, Justices of the Peace, Recorder, Sheriff, Superintendent of Schools, and Treasurer. The Judicial Branch, headed by a Presiding Judge, includes the Superior Court, and the departments of Adult and Juvenile Probation.



**County Assessor:** Paul D. Peterson  
**County Attorney:** Bill Montgomery  
**Clerk of the Superior Court:** Michael K. Jeanes  
**Recorder:** Helen Purcell  
**Sheriff:** Joseph M. Arpaio  
**Superintendent of Schools:** Dr. Don Covey  
**Treasurer:** Charles "Hos" Hoskins

### Departments

In FY 2014 there are 56 distinct departments and 13,548 full-time positions delivering services to Maricopa County residents. County employees are Citizens Serving Citizens. This statement personifies the shared commitment and responsibility in public service of staff and residents.

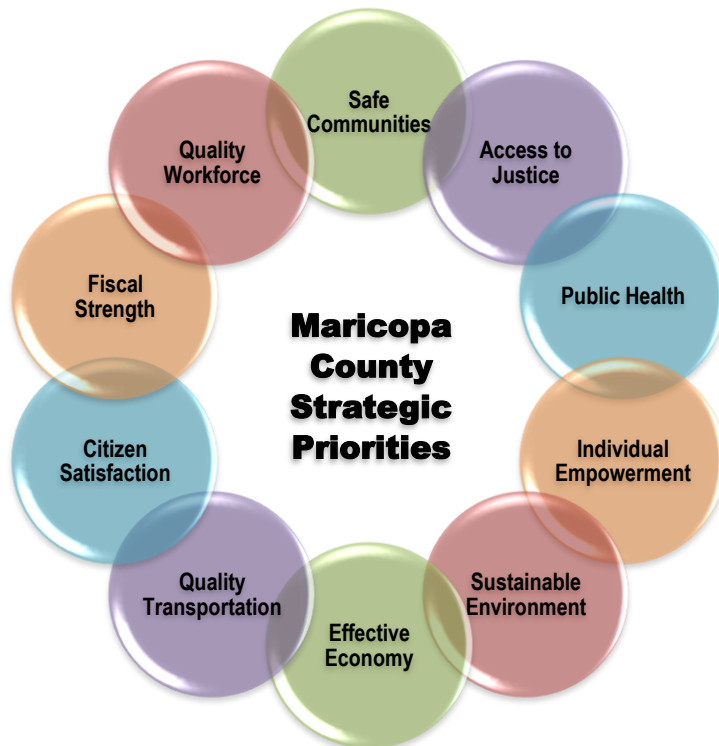




## STRATEGIC DIRECTION

### Strategic Priorities

The Board of Supervisors' Countywide Strategic Plan is meant to guide County government actions to address current and future needs in Maricopa County. It sets direction for County government regarding its roles and responsibilities, and Maricopa County government officials use it to help guide decision-making. The *2011-2015 Maricopa County Strategic Plan* contains the County's mission and vision statements and a set of strategic priorities and goals that establish a roadmap of what the County aspires to achieve over the five-year period. Each priority area has several goals to achieve the Board of Supervisor's vision for the community.



### Core Values

Maricopa County endeavors to deliver quality public service through the demonstration of the seven core values:

- ❖ Public Interest First
- ❖ Open and Honest
- ❖ Accountable
- ❖ Measure Results

- ❖ Relentless Improvement
- ❖ Communicate and Collaborate
- ❖ All People Realize Their Full Potential

### Managing For Results

The Managing for Results Policy establishes a framework that integrates planning, budgeting, reporting, evaluating and decision making for all Maricopa County departments.

- The mission, strategic goals, services, results and performance measures for a department are set forth in strategic business plans. Departments participate in the annual Planning for Results process by developing and submitting strategic business plans for review.
- Managers develop employee performance plans that align with department strategic business plans.
- Departments report on their family of performance measures for budget and planning purposes on a regular basis.
- Managers consider performance information in making policy and program decisions.

### Budgeting For Results

The Budgeting for Results Policy Guidelines sets forth the guidelines for developing budgets for Maricopa County, as well as the Flood Control, Library, and Stadium Districts. Maricopa County's budget process provides for responsible management of taxpayers' resources, while insuring that funds are directed towards achieving results at all levels.

- Budgetary decisions are based on or informed by performance information (cost or efficiency of producing an activity and the results achieved for customers).
- Requires that the budget be structurally balanced (recurring expenditures fully supported by recurring sources of funding).
- Base budgets will be analyzed for possible reductions, and requests for new funding will be analyzed based on impact on results.
- The Office of Management and Budget recommends a five-year Capital Improvement Program to the Board. Estimates of increased operating costs are provided with each project.

## CITIZEN SATISFACTION

### Satisfaction Surveys

Citizen engagement is necessary to effective democratic governance. Satisfaction surveys provide citizens the opportunity to comment on the quality and quantity of services provided. Maricopa County conducts an annual customer Satisfaction survey and gathers opinions from over 1000 randomly-selected households.

Survey results for 2012 indicate Maricopa County is improving in service delivery and regaining citizen's trust which greatly diminished across Arizona governmental jurisdictions during the *Great Recession*.

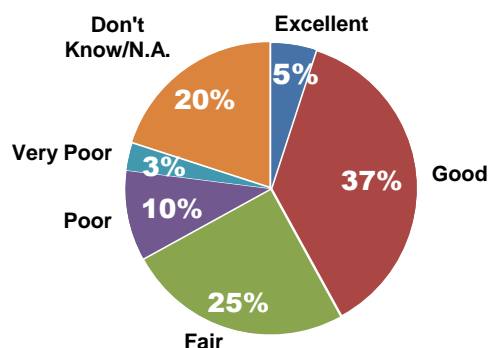


**70%** percent of residents surveyed say they are **very confident** or **confident** in the job **Maricopa County** is doing.

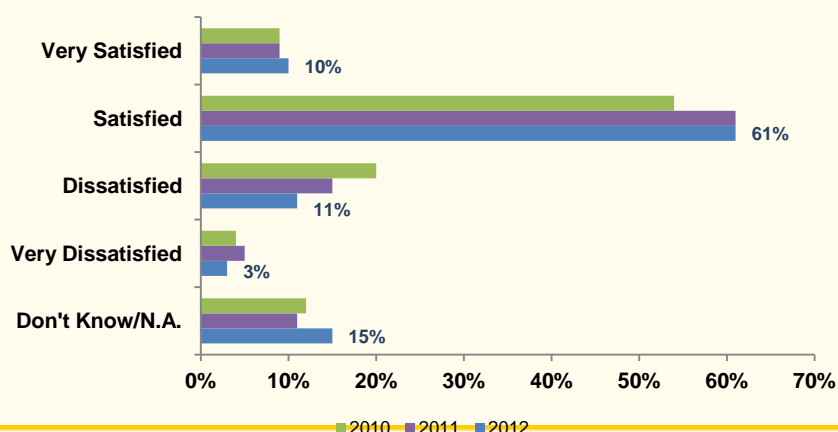
**71%** of residents surveyed say they are **very satisfied** or **satisfied** with **Maricopa County Government**.

**59%** say they are **very satisfied** or **satisfied** with **Maricopa County's use of tax dollars in providing cost-effective services**.

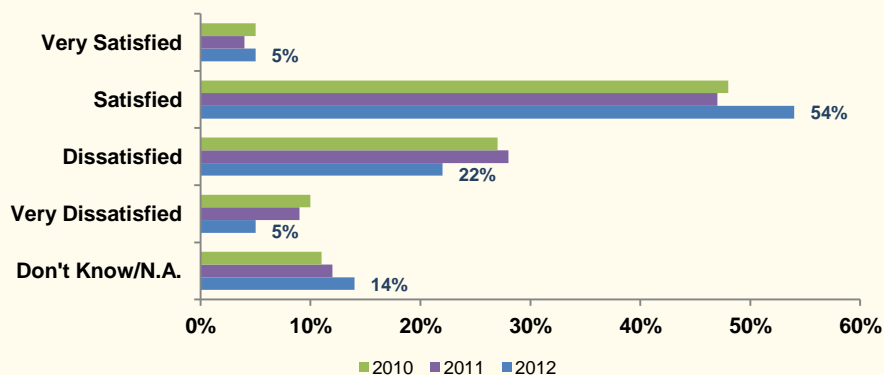
### Responsiveness of Maricopa County (2012)



### Satisfaction Level with County Government



### Satisfaction with County's Use of Tax Dollars in Providing Cost-Effective Services



## ECONOMIC CONDITIONS

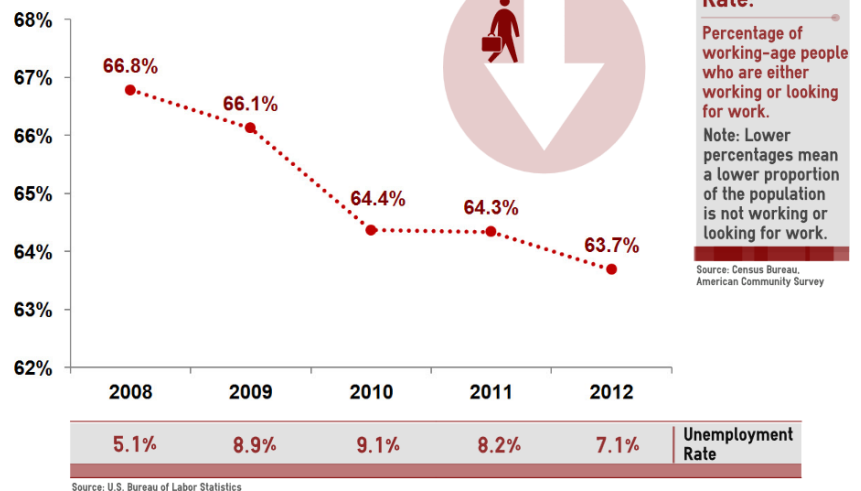
### Maricopa County Recovery

Maricopa County is still recovering from the aftermath of the *Great Recession*—it was one of the hardest hit counties in terms of the number of foreclosures and housing value depreciation. Local economist, Elliot Pollack, estimates 251,000 jobs were lost in the Phoenix Metropolitan area at the low-point of the recession and only 47% have been replaced as of mid-2013. The reduction in jobs almost tripled the unemployment rate while also affecting the labor force participation rate in the County.

### Labor Force Participation

The Labor Force Participation Rate is the total number of work-age people (ages 16-65) working and looking for work divided the total population of work-age individuals. This statistic is important since it demonstrates that a large proportion of the population is no longer in the labor force. The continual decrease in this rate is troublesome as it indicates a reduction in potential economic output (revenue) while increasing the probability of increased demand for government services (expenditures).

### Maricopa County Labor Force Participation Rate



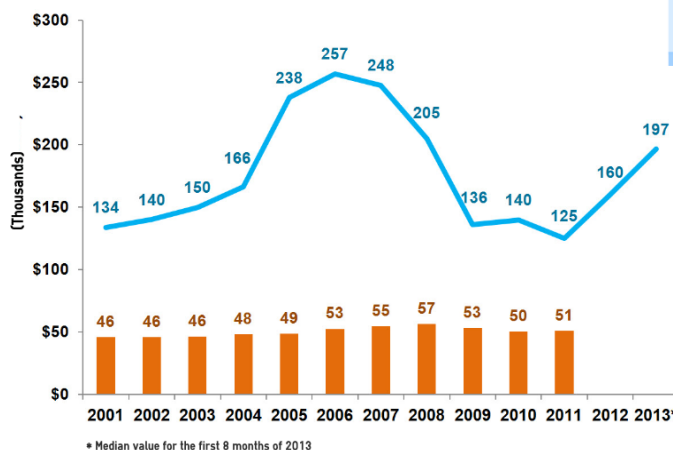
Overall, Maricopa County economic measures improved between 2011 and 2012.

### Housing Market

According to Case-Shiller Metropolitan Home Price Index data, the Phoenix real estate market has experienced one of the fastest recoveries in housing prices of Metro areas (nearly 40% from peak to trough). The majority of these increases were realized in 2012, as noted by the 27.9% increase in median resale of a single-family home in Maricopa County. It is expected that housing appreciation will slow down in coming years to not outpace income growth. Notably, the rapid increase in real estate values will not necessarily translate into a surge in property tax revenue collections for the County since Proposition 117 caps annual home valuation increases at 5%.

MARICOPA COUNTY ECONOMIC INDICATORS			
Indicator	2011	2012	% Change
Population	3,833,714	3,864,038	↑ 0.8%
Net Migration	-14.1	7.8	↑ 155.8%
Personal Income	\$144.0 Billion	\$152.2 Billion	↑ 5.6%
Non-Agriculture Employment	1,647,317	1,680,692	↑ 2.0%
Retail Sales	\$37.5 Billion	\$39.6 Billion	↑ 5.6%
Building Permits	6,027	8,438	↑ 40.0%

### Maricopa County Home Prices and Household Income



↑ 27.9% Increase in Median Resale Value for 2012



Median Single Family Home Resale Value  
Source: ARMLS



Median Household Income (Non-Adjusted)  
Source: Census Bureau

### Economic Risks

Economic risks to the FY 2014 Budget include prolonged sequestration, a European economic crisis, an unstructurally-balanced State budget and an economic slowdown.

## BUDGET OVERVIEW

### Maricopa County Budget and Priorities

The budget is a policy document which establishes the operational plan for delivering on-going services to County residents. It establishes the funding priorities and strategic direction in levying taxes, setting fees and appropriating expenditures for service delivery.

The FY 2014 budget addresses the Revenue Outlook, Property Taxes, Expenditure Uses, Historical Overview of Maricopa County Budgeting, Econometric and Demographic Trends, State Budget Impacts, Justice and Public Safety, General Government and Education Systems, Technology Infrastructure and Capital Improvement, Health Care Issues and Employee Issues. These are used to build a structurally-balanced budget while ensuring that the County delivers results as stewards of public funds.

### FY 2014 Budget Guidelines

Each year the Board of Supervisors establish budget guidelines to provide direction to the County Manager, Office of Management and Budget and all departments so that they can develop a sustainable, structurally-balanced budget that achieves, within available resources,

#### FY 2014 INITIAL BUDGET GUIDELINES

##### TARGETS

- Budget requests submitted at Target.
- No backfill of State or Federal fund reductions.
- Budget reduction alternative submittals at 3%, 5% and 10%.

##### EMPLOYEE COMPENSATION

- Review critical business needs where the alternatives are more costly.
- Continue Performance Incentive Award with one-time funding.

##### ADDITIONAL PROGRAM FUNDING

- No Requests for additional program funding.

##### FUND BALANCE

- Use for capital and one-time expenditures.

##### CAPITAL IMPROVEMENT PROGRAM

- Critical projects meeting County's strategic goals.
- Utilize non-recurring resources.

##### INFORMATION TECHNOLOGY

- Return on Investment of 3 years or less.
- OR
- Replacement of existing system no longer supported and critical to County operations.
- Operational savings achieved from the technology to be reduced from operating budgets.

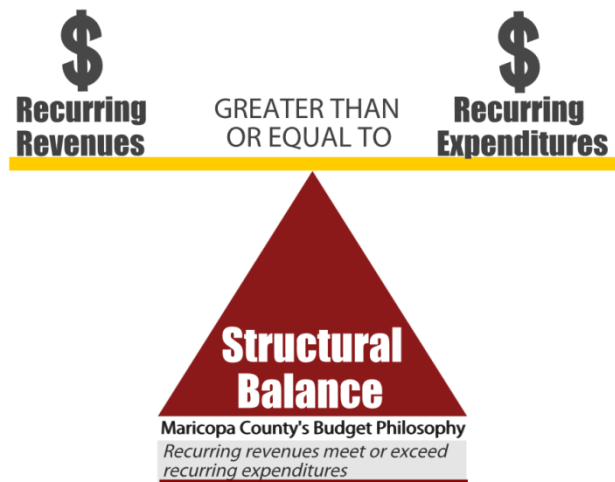
##### USER FEE

- Review existing fees and present necessary adjustments to the Board of Supervisors.

the County's mission and strategic goals as set forth in the Maricopa County Strategic Plan.

### Budget Philosophy

Maricopa County develops and maintains a *Structurally Balanced* budget, which means that recurring revenues meet or exceed recurring expenses. Therefore, the County does not use one-time resources, such as fund balance, as a funding source for on-going operations. This serves a protective factor to unforeseen declines in revenues and promotes sustainable service expansion.



### Mandates

Mandated services are the primary responsibility of government as they are required by Federal or State government via statute, court order or constitutional provision. Approximately 93% of services provided by Maricopa County are mandated or provide administrative support for mandated services.

A category of mandates are *Mandated State Payments* which are required contributions, primarily to health care programs that are managed and directed by the State of Arizona. Maricopa County does not have discretion over the service delivery methods employed for these mandates, and therefore is limited in the ability to contain their cost.

MANDATED STATE PAYMENTS				
Payment	FY 2012	FY 2013	FY 2014	% Chg
ALTCs Contribution	\$ 154,518,900	\$ 148,533,600	\$ 149,698,100	0.78%
Arnold v Sarn	46,314,249	48,387,132	50,563,660	4.50%
AHCCCS Contribution	20,575,000	20,225,200	19,820,700	-2.00%
State Contribution	26,384,500	-	-	N/A
SVP Commitment Payments	5,000,000	4,000,000	4,200,000	5.00%
<b>Total</b>	<b>\$ 252,792,649</b>	<b>\$ 221,145,932</b>	<b>\$ 224,282,460</b>	<b>1.42%</b>

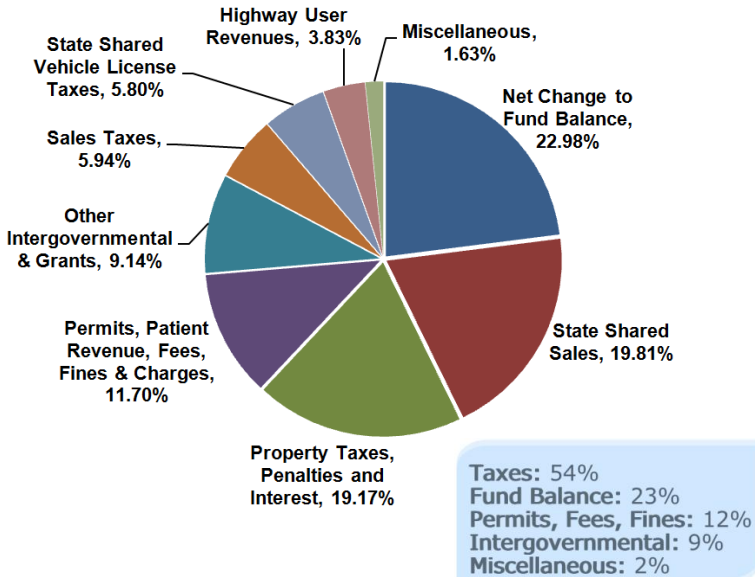


## BUDGET OVERVIEW

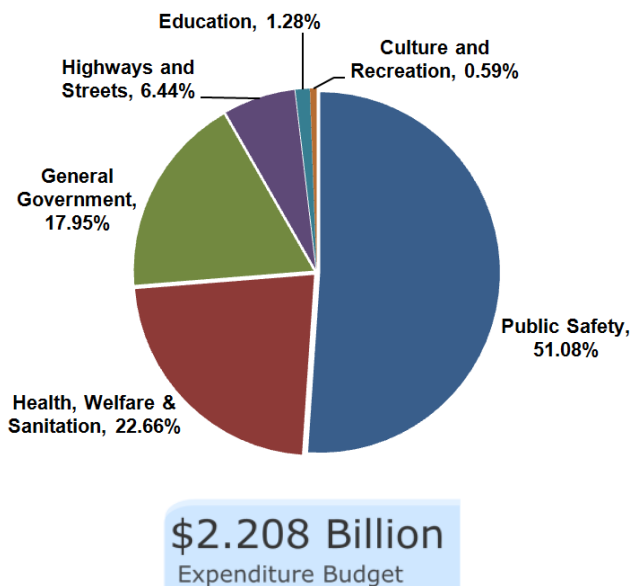
### Budget Appropriation

The FY 2014 County Adopted budget is \$2,208,474,790 which is a decrease of over \$70 million from the FY 2013 Adopted budget.

### FY 2014 Revenue

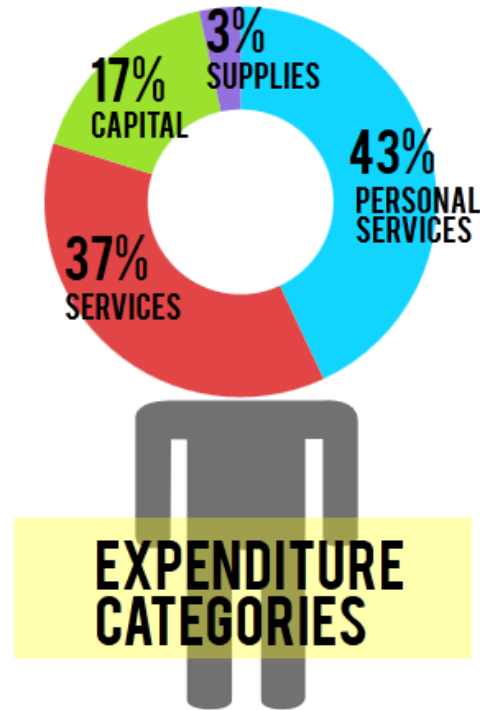


### FY 2014 Expenditures



### Expenditure Category Overview

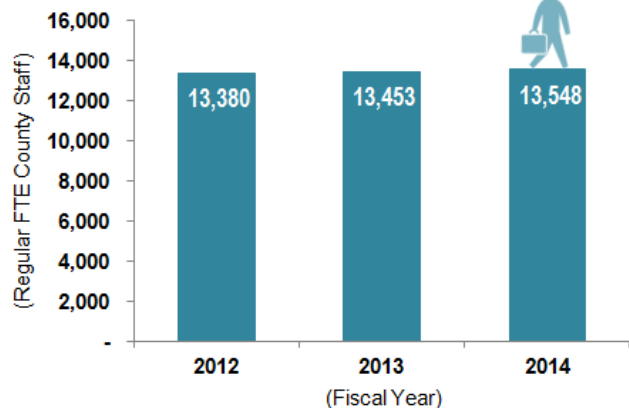
The four major expenditure categories are Personal Services, Supplies, Services and Capital. These categories and subcategories are used to account for the spending decisions of the County. The majority of expenses fall into the Personal Services or Services category.



### Personnel

County personnel have slightly increased over the past three years to respond to the Judicial Branch's caseload increases and grant funding expansions. The values below represent the number of full-time positions.

### Maricopa County Personnel\*



\*Adopted Scenario



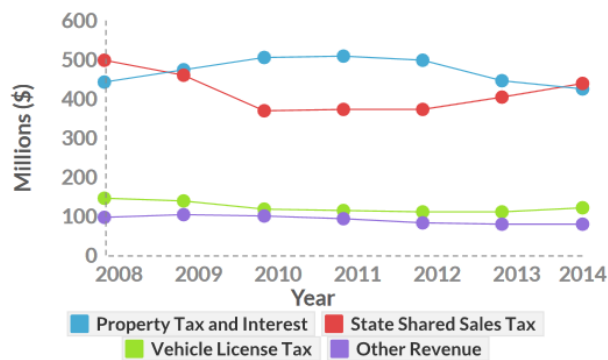
## GENERAL FUND

### Revenue

Prior to the "Great Recession", State Shared Sales tax was the leading source of General Fund revenue. During the economic downturn, sales taxes declined and were no longer the primary source of General Fund Revenue.

### General Fund Revenue

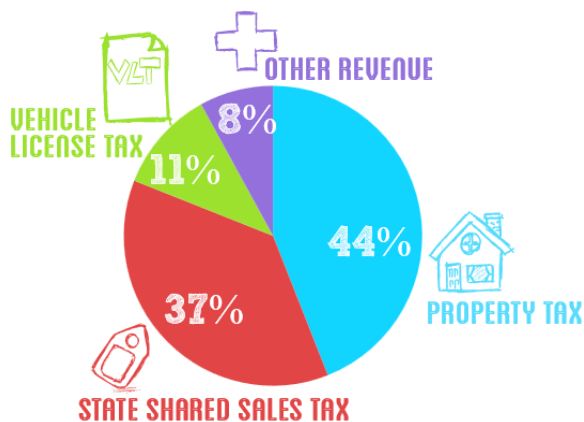
Adopted Budgets



With the decline in property taxes in FY 2014, State Shared Sales tax has returned to be the leading revenue for the General Fund. Over the past 5 years, Property and State Shared Sales tax represent over 80% of General Fund revenue.

## Revenue Distribution

5 YEAR AVERAGE



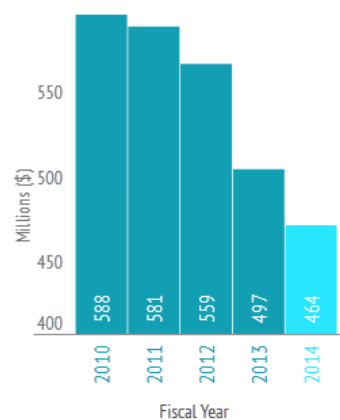
## Property Taxes

Primary property taxes finance the County's general operations through its General Fund. The County is currently \$171.6 million below the maximum allowable primary property tax. Since FY 2010, the County-controlled property taxes have been reduced almost \$124 million.



The FY 2014 Primary Property Tax Levy is \$171.6 million BELOW the maximum levy allowed by law.

## County-Controlled Property Taxes



Fiscal Year	Total County-Controlled Levy	Year-over-Year Change	Change from 2010
2010	\$ 588		
2011	\$ 581	\$ (7)	\$ (7)
2012	\$ 559	\$ (22)	\$ (29)
2013	\$ 497	\$ (62)	\$ (91)
2014	\$ 464	\$ (33)	\$ (124)

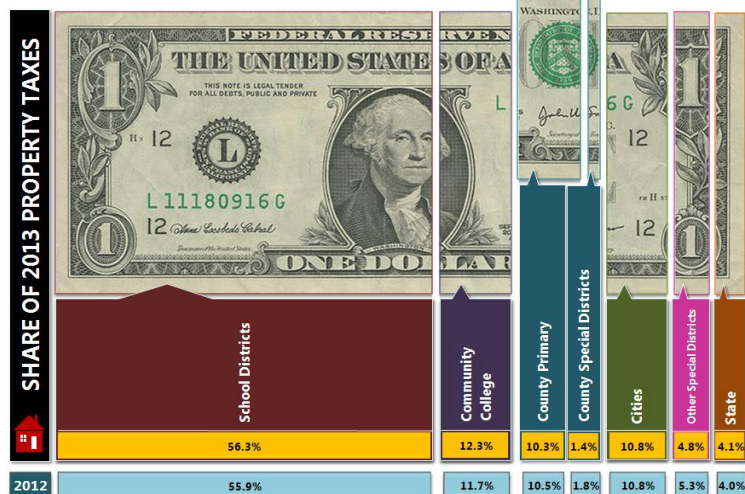
Note: Values noted in millions of dollars.

## County-Controlled Property Taxes

< 12% of Total

Maricopa County only sets the property tax rates for the Primary, Flood Control District and Stadium District.

County-controlled property taxes are less than 12% of all property taxes paid by Maricopa County Property owners.

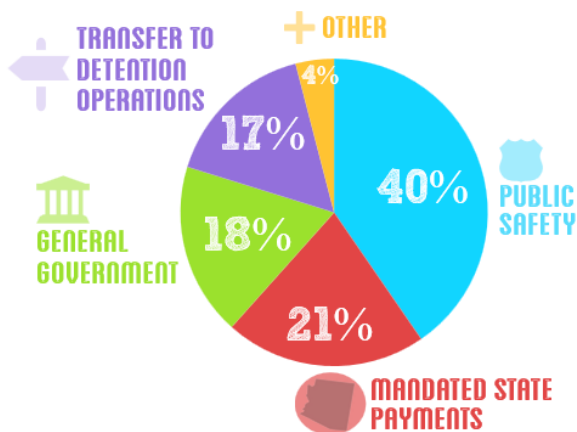


## GENERAL FUND

### Expenditures

In FY 2014, about 38% of the County's General Fund expenditures are required payments of money either to the State of Arizona or to the County's Detention Operations Fund. The amounts of these payments are determined by statute.

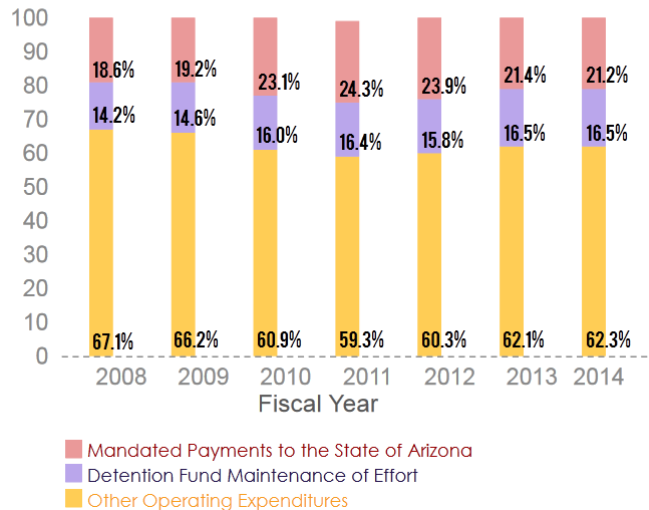
### FY 2014 General Fund Operating Expenditures



Prior to the economic downturn, mandated state payments made up around 1/3<sup>rd</sup> of the County's General Fund Budget. During the economic downturn this percentage increased to 41% as the County was required to make a contribution to the State of Arizona to help balance their budget. The remaining 62% expenditures support Public Safety, General Government

operations, and Other services including: Health and Welfare, Culture and Recreation, Education, and Transportation.

### General Fund Operating Expenditures by Fiscal Year

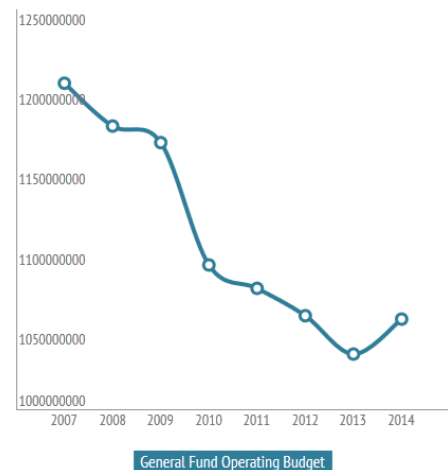


Since FY 2007, the County has reduced the General Fund Operating budget by over \$147 million.

**12% Reduction**

The FY 2014 General Fund Operating budget is 12% LOWER than the FY 2007 budget.

General Fund Operating Budget Overview			
Fiscal Year	Operating Budget	Year-over-Year Change	Change from 2007
2007	1,203,772,576		
2008	1,176,981,072	(26,791,504)	(26,791,504)
2009	1,166,652,302	(10,328,770)	(37,120,274)
2010	1,090,162,676	(76,489,626)	(113,609,900)
2011	1,075,560,244	(14,602,432)	(128,212,332)
2012	1,058,467,146	(17,093,098)	(145,305,430)
2013	1,034,486,471	(23,980,675)	(169,286,105)
2014	1,056,343,141	21,856,670	(147,429,435)



## CAPITAL IMPROVEMENT

### Capital Improvement Program

The Capital Improvement Program (CIP) is a plan that identifies capital improvement projects to be completed over the next five fiscal years. Because these projects typically span more than one fiscal year, the plans are updated annually to track existing projects, to identify new projects, and to update funding estimates and forecasts.

The CIP integrates Managing for Results (MfR) policy when outlining its funding sources, project costs, and future operating costs associated with each capital improvement.

### WHAT ARE CAPITAL PROJECTS?

- Any acquisition of or improvement of land for a public purpose.
- Any construction of a new facility (e.g. a public building, parking lot, road, bridge, etc.) or an addition to or extension of such a facility.
- A nonrecurring rehabilitation that increases the service potential of the building (i.e. something that is infrequent and would not be considered annual or other recurrent maintenance) or major repair of all or a part of a building, its grounds or a facility.
- Any planning, feasibility, engineering or design study related to an individual capital improvement project or to a program that is implemented through individual capital improvement projects.

Future operating costs related to new facilities constructed or acquired through the CIP are carefully considered before project commitments are made. It is the County's philosophy and policy that new capital projects will be undertaken only if future operating revenues are reasonably estimated to be sufficient to support associated future operating costs.

The County's CIP is divided into three parts: Facility CIP, Technology CIP and Transportation CIP.



### Facility

Typical land and building improvements



### Technology

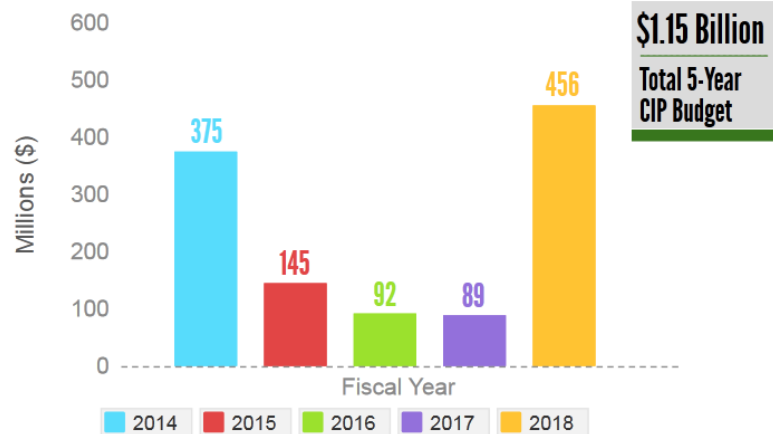
Major technology projects that substantially impact how the County does business



### Transportation

Projects that are associated with roads and bridges

## 5-Year Capital Improvement Budget



FY  
2014-2018

### CAPITAL Project Highlights



**Public Safety  
Radio System**

Project Cost: \$131 Million



**Maricopa Regional  
Trail System**

Project Cost: \$1 Million



**Sheriff Headquarters  
Building**

Project Cost: \$74 Million



**Enterprise Data  
Center**

Project Cost: \$48 Million



**MAG Arterial Life  
Cycle Program**

Project Cost: \$254 Million



Completion Date	Recently Completed Projects	Project Total
Sep 2011	MCSO Crime Lab Relocation	\$4.2
Feb 2012	Chambers Swing Space Remodel	\$2.0
Jun 2012	South Court Tower	\$330.6
Aug 2012	Old Courthouse Remodel/Rehab	\$2.1
Feb 2013	Southeast Facility Remodel	\$2.5
Mar 2013	Energy Conservation Projects	\$29.3
May 2013	Board of Supervisors Audio/Visual Upgrade	\$1.0



## CITIZEN ENGAGEMENT

### "Our" Maricopa County

We welcome the opportunity to hear from you on the quality of service being delivered and the value you place on Maricopa County services. Consider Maricopa County as "OUR County"; together we engage in a partnership in delivering legal and law enforcement, public works, parks and trails and health services while promoting a strong and vibrant community.

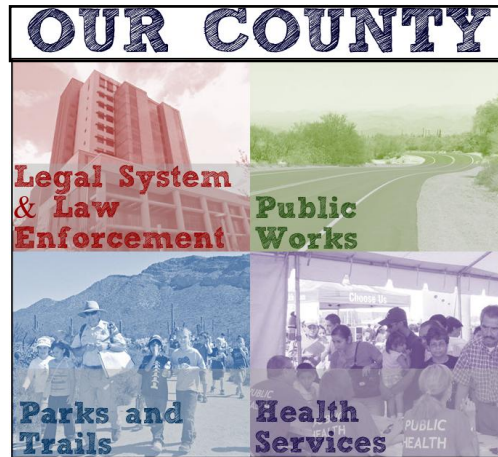
There are various methods of being involved in the Maricopa County budget process—citizens can engage departments directly (a full listing of department contact information can be found online at [www.maricopa.gov](http://www.maricopa.gov)), attend Board of Supervisors' Budget Meetings or contact the Office of Management and Budget.

### Board Meetings

The Maricopa County Board of Supervisors typically have *Formal* meetings on Wednesdays every two weeks, *Informal* meetings on Mondays as scheduled and *Special* meetings as necessary. The Clerk of the Board posts copies of the Board of Supervisors' meetings and agendas at **301 West Jefferson, Tenth Floor, Phoenix, Arizona** and online at [www.maricopa.gov/Clk\\_board](http://www.maricopa.gov/Clk_board).

### Office of Management and Budget

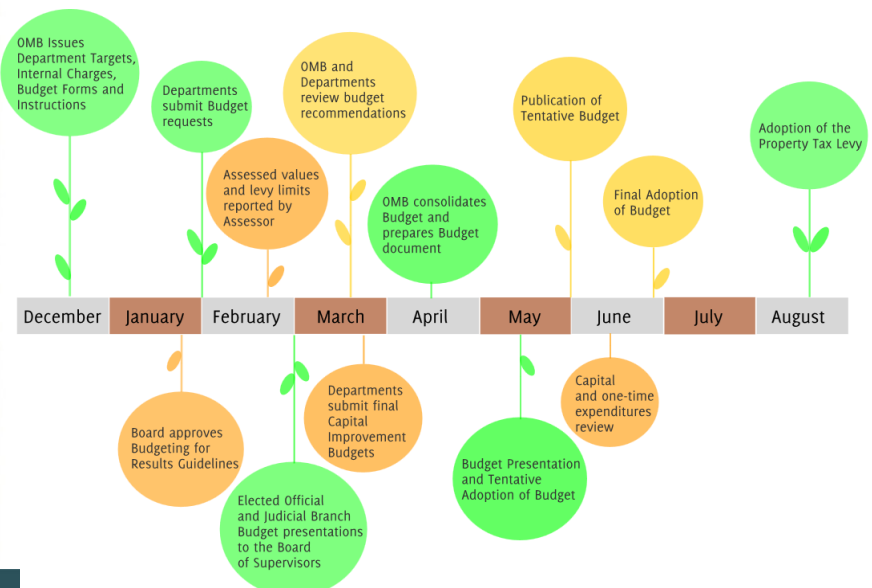
The Office of Management and Budget (OMB) works diligently with County Departments and Elected Officials to develop a responsive, fiscally prudent, citizen-focused budget. The *Budget Calendar* outlines the milestones in the annual budget process.



*"Citizens serving Citizens by working collaboratively, innovatively, efficiently and effectively."*

CONTACT US	Department	Phone Number
	General Information (Local)	602-506-3011
	General Information (Toll Free)	1-800-540-5570
	Air Quality Information	602-506-6010
	Assessor's Office	602-506-3406
	Board of Supervisors	602-506-3415
	Correctional Health Services Clinical Liaison	602-876-7110
	Elections Department	602-506-1511
	Environmental Services	602-506-6616
	Flood Control District	602-506-1501
	Health Care	602-506-6900
	Human Resources	602-506-3755
	Justice Courts	602-506-8530
	Office of Enterprise Technology	602-506-7116
	Planning and Development (Zoning)	602-506-3301
	Recorder's Office	602-506-3535
	School Superintendent's Office	602-506-3866
	Treasurer's Office	602-506-8511
	Vital Registration	602-506-6805
	Voter Registration	602-506-1511

### 2014 BUDGET CALENDAR



### CONTACT US

**Office of Management and Budget**  
[www.maricopa.gov/budget](http://www.maricopa.gov/budget)  
[ombweb@mail.maricopa.gov](mailto:ombweb@mail.maricopa.gov)  
 (602) 506-7280



# MARICOPA COUNTY ACHIEVEMENT AWARDS

**18**  
AWARDS

*In 2013, Maricopa County received 18 Achievement Awards from the National Association of Counties due to innovative program service delivery models. Below are descriptions of five award winning programs.*



## READING FOR THE STARS

Maricopa County Education Services Agency's Reading for the Stars initiative, empowers fourth-through sixth-graders with the competence and confidence to succeed by increasing student achievement, increasing students' belief in themselves, and reducing factors that lead to future delinquency.

Reading for the stars provides a replicable framework that promotes reading achievement and positive youth-development, moving students from being "at risk" to "at hope" so they will succeed in school and life.



## OPENBOOKS - GOVERNMENT TRANSPARENCY WEBSITE

Maricopa County's Department of Finance, Office of Enterprise Technology, and Office of Procurement Services developed and implemented a "transparency" website, Maricopa County OPENBOOKS . This no-cost, easily accessible website is a central repository for taxpayers to find financial and demographic information on Maricopa County .

In collaboration with the State of Arizona, this site also includes a searchable database of detailed financial transactions. The objective of Maricopa County Openbooks is to create a website that provides for a more transparent, collaborative and open government.



## VETERANS COURT

In order to address the special needs of veterans in the criminal justice system, the Superior Court of Arizona and the Adult Probation Department established the Veterans Treatment Court. Partnering with the Veteran's Administration, the regional behavioral health agency and other organizations, they provide very specific and individualized treatment and services for the men and women who have served in the military and now find themselves under court supervision.

To date, this program has improved success of veterans on probation, reduced prison commitments of that population, and re-engaged more than half of the veterans on warrant status.



## FINDHELPPHX.ORG - COMMUNITY RESOURCE MAP

Findhelpphx.org is a simple-to-use bilingual community asset map with over 1,000 resources that enables residents of Maricopa County to find free and low-cost health care and social services for themselves. With only 2 "clicks", users are able to locate a specific resource, displaying an easy to read description of the organization, its services, cost and eligibility requirements and address. Resources are updated twice a year to make sure users receive the most current services.

In the short time that the site has been running there have been over 12,000 hits. Adrienne Decker-Delgado, the *National Social Worker of the Year*, developed this program.



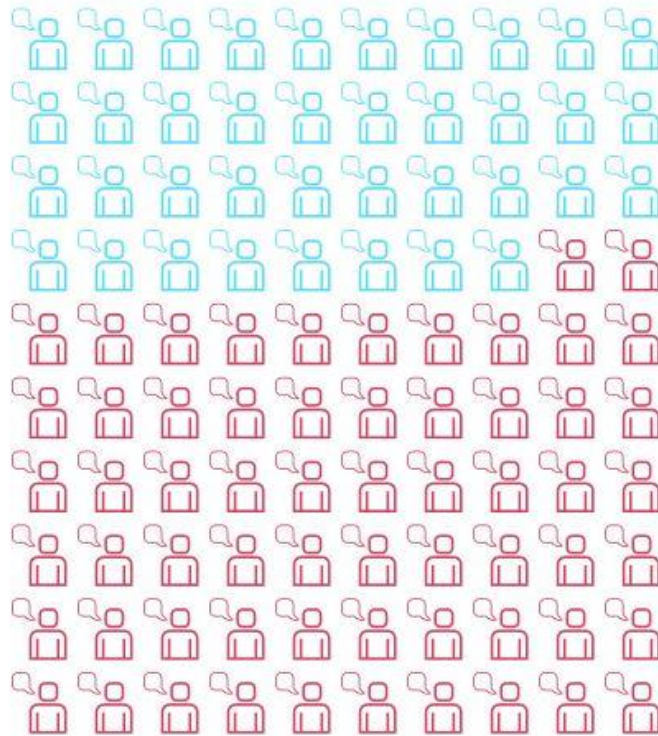
## MARICOPA COUNTY REGIONAL HOMELESS COURT

The Maricopa County Regional Homeless Court brings the homeless and the courts together in one location through partnerships with local homeless service agencies. The goal is to resolve outstanding misdemeanor, victimless offenses, and warrants for homeless individuals who demonstrate a commitment to end their homelessness. The homeless court combines punishment and treatment through supervised rehabilitation programs provided by more than 20 community providers.

Since its inception, the homeless court has assisted more than 400 people in putting their lives back together and regaining self-sufficiency.

**38%** of residents surveyed, accessed [www.maricopa.gov](http://www.maricopa.gov) last year.

**VISIT US  
ONLINE!**



Yes No



For complete Budget Summary information, reference the FY 2014 Annual Business Strategies Document:

[www.maricopa.gov/Budget/pdf/MCABS2014.pdf](http://www.maricopa.gov/Budget/pdf/MCABS2014.pdf)